

Alameda Reuse and Redevelopment Authority

Memorandum

To: Honorable Chair and
Members of the Alameda Reuse and Redevelopment Authority

From: John A. Russo
Executive Director

Date: January 4, 2012

Re: Award Contract in the Amount of \$225,000 to Keyser Marston Associates
to Prepare an Economic Development Strategy for Alameda Point

BACKGROUND

The Office of Economic Adjustment (OEA), under the Department of Defense, awarded the City of Alameda \$225,000 in funds on September 22, 2011, to prepare a detailed economic development strategy for Alameda Point (Strategy). OEA is the Department of Defense's field organization responsible for supporting local governments with military closures. The Strategy will result in a cohesive and targeted approach to leveraging the Alameda Reuse and Redevelopment Authority's (ARRA) existing commercial tenant base and to attracting new commercial and institutional groups to the Alameda Point property, resulting in increased jobs and lease revenues that will help finance future predevelopment and implementation efforts at the property.

This evening the ARRA will consider approving an agreement with the United States Navy for no-cost conveyance of Alameda Point. If the ARRA approves this agreement, it is anticipated that a significant portion of Alameda Point will be conveyed by the end of this year. Once the ARRA owns the property, the next logical step for the ARRA will be disposing and developing the property for private development, including development focused on attracting jobs. Job creation is one of the key community priorities for the redevelopment of Alameda Point. The proposed Strategy will strengthen the ARRA's efforts at successfully redeveloping the property for employment-generating uses.

The Lawrence Berkeley National Laboratory (LBNL) is expected to announce early this year its preferred site for a Second Campus, which will consolidate existing LBNL programs currently in leased space throughout the East Bay and provide an opportunity for future LBNL expansion. Alameda Point is one of six sites being considered for the project. The ARRA's submittal of geotechnical and environmental studies for LBNL's consideration and the substantial publicity surrounding the selection process will lay a strong foundation for attracting a major user to Alameda Point, even if LBNL does not select Alameda Point as its new home. If LBNL does select Alameda Point, it will be a major catalyst for economic development of Alameda Point and will provide a new

starting point for the Strategy and, ultimately, for attracting even more jobs to the City. The Strategy is expected to be completed by October 2012.

DISCUSSION

The ARRA issued the Request for Proposals (RFP) on September 29, 2011, to solicit proposals from a qualified team of consultants and firms consisting of professionals specializing in real estate economics, commercial real estate and marketing, adaptive reuse architecture, and/or other relevant professionals to produce the Strategy.

The RFP was posted on the City of Alameda's website and on the California Redevelopment Association's website. It was also mailed directly to 40 relevant consulting firms.

Selection Process

The ARRA received eight proposals, which were reviewed by a selection committee that included a commercial tenant from Alameda Point, ARRA staff, and staff from the Community Development Department. The committee recommended interviewing three of the firms based on criteria that considered the proposer's past experience, the quality and experience of the project manager, and the team's understanding and proposed approach to the project. The three teams were interviewed by representatives from the West Alameda Business Association, a commercial tenant at Alameda Point, PM Realty (the firm in charge of property management at Alameda Point), ARRA staff, and staff from the Community Development Department and Alameda Municipal Power. The interview committee selected Keyser Marston Associates (KMA), a well-qualified team that provided a clearly defined and comprehensive proposal, focused on attracting catalyst businesses and employers to Alameda Point. The KMA team includes the architectural firm Field Paoli and the civil engineering firm Carlson, Barbee & Gibson, Inc.

KMA is a full service real estate, financial, redevelopment, and economic consulting firm specializing in real estate advisory, evaluation, and redevelopment services. KMA is actively involved in the redevelopment of base closures. They have successfully helped to attract private development and create significant jobs and public benefits at Hamilton Air Base in Novato and the former Fort Ord in Monterey. KMA's proposal to the ARRA focuses on the two objectives of attracting major businesses to Alameda Point and developing a long-term leasing strategy for specific buildings through adaptive reuse.

Scope of Work

Specifically, KMA will perform the tasks summarized below and detailed in the proposed contract, a copy of which is on file at the City Clerk's office. KMA's work will be performed in six tasks:

Task 1: Commercial Market Analysis. KMA will conduct a commercial market analysis that evaluates the market potential presented by the Alameda Point site.

Task 2: Alameda Point Tenant Assessment and Forum. KMA will work closely with ARRA staff to assess the ARRA's existing tenant base and hold a tenant forum.

Task 3: Approach to Commercial and Institutional Groups. KMA will assess the potential for attracting large-scale commercial and institutional users interested in Alameda Point.

Task 4: Adaptive Reuse Physical and Financial Analysis. KMA will prepare conceptual building and landscape drawings, and financial analyses for five prototypical buildings at Alameda Point.

Task 5: Industry Feasibility Testing and Interviews. KMA will interview a cross-section of relevant development, business, and industry professionals related to Alameda Point's market potential.

Task 6: Economic Development Strategy Preparation. KMA will summarize the results of all previous tasks into a user-friendly Strategy document and present to various public bodies.

The final Strategy will identify which types of businesses to target for Alameda Point and what specific, concrete steps to take in order to position Alameda Point for attracting these businesses. The products developed under this contract, such as market-tested prototypes of adaptive reuse for existing buildings, will provide the ARRA with the "real world" tools to implement the Strategy.

Next Steps

If the contract is approved, the ARRA will meet with KMA in January to initiate the contract and to review project tasks and timeline. The ARRA and KMA will decide when to schedule a meeting with the existing commercial tenants at Alameda Point consistent with the scope of work. The ARRA will be updated about the Strategy on a regular basis by staff.

FINANCIAL IMPACT

The total budget for the Strategy is \$250,000. Under the OEA grant requirements, the OEA grant provides 90 percent of the funds (\$225,000); the ARRA as the grant applicant provides ten percent (\$25,000) through in-kind services, which consists of staff time, to support the project. The ARRA has budgeted approximately 294 hours of two current staff positions during the next ten months to meet this requirement. The OEA grant funds will be used solely for the KMA contract amount of \$225,000. No additional funds are needed to complete this scope of work.

MUNICIPAL CODE/POLICY DOCUMENT CROSS REFERENCE

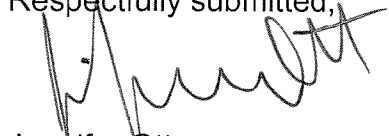
Economic Development Strategic Plan (revised in 2008):

Strategy #1 Create Industrial and Office Jobs, contains the initiative to "Develop the non-residential space at Alameda Point to allow for long-term flexibility and a mix of commercial uses, such as office, R&D, service-commercial, maritime, industrial, and warehouse uses. Promote green building and sustainability efforts at Alameda Point."

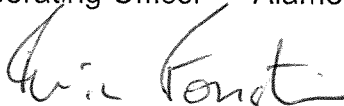
RECOMMENDATION

Award contract in the amount of \$225,000 to Keyser Marston Associates to prepare an economic development strategy for Alameda Point.

Respectfully submitted,



Jennifer Ott
Chief Operating Officer — Alameda Point



By: Eric Fonstein
Development Manager

JO/EF:rv